

7. Other Actions

7.A. Implementation of the Housing Act of 2002

In January, the Mayor signed the *Housing Act of 2002*. The legislation promotes the city's three principal housing goals:

- Protect existing affordable housing and prevent displacement
- Convert vacant and dilapidated buildings into new housing
- Promote new housing for people of all incomes

Several initiatives will help protect the stock of affordable housing and prevent displacement of low-income residents from their homes.

- *Housing Preservation legislation* will make it easier for the city, non-profit developers and other tenant-supported buyers to purchase and preserve federally- assisted rental housing.
- *Circuit Breaker legislation* effectively will cap increases in property taxes for low-income, long-term homeowners at 5 percent. Homeowners already are eligible for a \$30,000 homestead deduction and low-income senior citizens are eligible for a 50% tax deduction.
- *Historic Housing Tax Credit legislation* will help low- and middle-income families to repair and restore historic homes at a reduced cost. Families that otherwise might have had to sell deteriorating homes and move will receive an income tax credit equal to 25% of the cost of the renovation.

Other initiatives will provide tools for converting abandoned buildings and vacant lots into new housing.

- *Due Process Demolition legislation* will provide the city with the authority to quickly demolish deteriorated and vacant properties that are a nuisance to their community. The bill contains important protections to ensure that buildings are rehabilitated when appropriate and that historic preservation and the rights of owners are respected.
- *Quick Take amendments* will modify the existing law to ensure consistency with judicial interpretations and to provide more flexibility to dispose of properties to first-time homebuyers, neighbors and others who will rehabilitate and make good use of the abandoned and deteriorated properties.
- *Homestead amendments* will speed up disposition of deteriorated properties acquired by the District. The legislation will allow properties to be developed as rental housing, as well as for homeownership, and will permit the city to consider unsolicited proposals in certain circumstances.

Other provisions of the Act provide resources for new housing construction and rehabilitation.

- *Housing Production Trust Fund legislation* will expand the fund by channeling a percentage of the real estate transfer tax and deed recordation tax to the fund, providing approximately \$10-12 million per year for affordable housing production.
- *Tax Abatements for New Residential Development legislation* will provide tax incentives for developers to build housing, especially mixed-income housing.

DHCD will be involved in the implementation of some, but not all, of the legislative initiatives in FY 2003. (Many of the initiatives that are aimed at production or preservation of market-rate housing are structured as tax incentives and will be administered through the Office of Tax and Revenue.) The following legislative initiatives likely will be housed within DHCD.

7.A.1. Housing Production Trust Fund

The housing legislation gave a big boost to the District's Housing Production Trust Fund. This is a primary, non-federal source for development finance within DHCD. The bill provides a dedicated stream of tax dollars to the trust fund, increasing its capitalization and ensuring some level of continuity and predictability from year-to-year. We anticipate that the new funding streams will add \$12 million per year to the fund.

The legislation authorizes some new products to be developed for HPTF funding. These include rental housing development, mortgage subsidies, and mortgage insurance guarantees. The Trust Fund program will enhance and supplement the housing development, rehabilitation and homeownership activities DHCD currently undertakes with HOME and CDBG dollars.

7.A.2. Preservation of Federally-assisted Housing

The housing preservation initiative will provide new opportunities to the District to encourage owners of Section 8 housing and other affordable housing to renovate their units and to renew their federal assistance contracts and keep rents affordable. A new notice provision will require owners of Section 8 and federally-assisted housing to inform the Mayor of their intentions to opt out of the Section 8 program. The Mayor will have a "first right to purchase" the housing if it is put on the market and the tenants are not organized to submit a bid. Additionally, DHCD will certify certain high priority Section 8 properties to receive full or partial abatement of their real estate taxes when they renew their Section 8 contracts on a long-term basis.

These tools will enable DHCD to take a more active role in the preservation of the federally assisted housing stock. We anticipate receiving early notice of intended opt-outs, and having additional tools to assist residents as appropriate. The right of first purchase will enable DHCD to work collaboratively with residents, community advocates, and the non-profit community to assist them to structure a purchase where this is appropriate to preserve the affordability of the housing. The tax abatement will encourage existing owners to stay in the program, and will prevent losses from the program.

7.A.3. Rehabilitation Tax Credit

In addition to certifying owners of Section 8 renewal housing, DHCD will also implement a certification program for owners of affordable housing stock that are making building-wide improvements of at least \$10,000 per unit. Certified owners will be eligible for full abatement of their real estate taxes for a period of five years. The purpose of the tax abatement is to encourage owners of low-income housing to rehabilitate their units for the benefit of the current residents. The abatements are available to owners of subsidized and non-subsidized buildings that serve a majority very low-income rental population.

7.A.4. Non-Discrimination against Section 8 voucher holders

The housing legislation also bars discrimination against Section 8 voucher holders in all DC housing, not just federally subsidized units. DHCD will undertake to ensure that its grantees and partners comply with the new law through its grant agreements and contracts. We will also help publicize this provision through our housing counseling programs.

7.A.5. Homestead Reform

Homestead is a District program that sells District-owned properties to first-time homebuyers for as little as \$250. The program provides below market rehabilitation financing and counseling to assist buyers through the renovation process. The housing bill expanded the program to permit multifamily buildings to be sold for development as rental housing, and to expand the sources for properties coming into the program.

7.A.6. Acquisition and Due Process Demolition

The bill provides an expedited process for acquisition and demolition of deteriorated and abandoned buildings that complies with due process requirements. DHCD will be responsible for conducting feasibility analyses prior to approval of demolition. DHCD will determine whether the property could be redeveloped without demolition in a cost-effective manner. It will provide its report to the Department of Consumer and Regulatory Affairs. If DHCD determines that the property could, in fact, be rehabilitated, DCRA will not proceed with the demolition.

7.A.7. Homeownership Counseling

In addition to the homeownership counseling DHCD provides through the Community-based Organizations program, funded by CDBG, the housing bill requires the city to provide written homeownership information and advice over the internet and in public libraries. Since the bill provides no independent source of funding for the new counseling program, these materials will probably be produced using CDBG as a funding source.

7.B. Fair Housing Activities

In February 1997, the District of Columbia participated in a "Regional Analysis of Impediments to Fair Housing by the Metropolitan Washington Council of Governments ("COG"). The purpose of a regional effort was to analyze not only the local impediments to fair housing but also its relationships to adjoining and surrounding in the region. This effort brought local and region wide recommendations for actions. A copy of the regional impediments study can be found at the Department of Housing and Community Development (the "Department"). A Draft District of Columbia Analysis of Impediments was completed in June 1996 by COG and the then Fair Housing Council of Greater Washington (today the Equal Rights Center). An excerpt from the Fair Housing Council report, updated for inclusion in the "Consolidated Plan for the District of Columbia Fiscal Years 2001-2005", is provided in Appendix D.

To date the Department of Housing and Community Development has made a concerted effort to overcome the effects of the impediments identified through the analysis. The Department has hired a Fair Housing Program Coordinator (Bilingual) who will oversee the DHCD's adherence with fair housing regulations and laws in the execution of its programs and expenditures of community development block grant (CDBG) monies. In FY 2003, DHCD plans to continue the activities it is undertaking in FY

2002. These activities include:

- DHCD won a competitive \$100,000 Fair Housing Initiatives Program – Education and Outreach Initiatives grant from the U.S. Department of Housing and Urban Development to do fair housing education and outreach in the Latino and Vietnamese communities. The Department has partnered with CARACEN, a District non-profit organization serving the Latino community. As part of this effort, DHCD has translated all its program brochures to Spanish, Vietnamese and Chinese in order to outreach to the diverse communities in the City and ensure our programs are available to all its constituents.
- DHCD is working in concert with HUD's FHEO office to provide fair housing training sessions for subrecipients and DHCD program and project managers managing subrecipient grants to community based organizations, developers and community development corporations.
- DHCD has partnered with AARP to inform and educate District elderly African American constituents and the Latino communities about predatory lending.
- DHCD is preparing a Fair Housing Summit for Fair Housing Month in April 2002 in collaboration with the DC Office of Human Rights and the Equal Rights Center, a regional fair housing non-profit organization.
- DHCD will continue to monitor all its subrecipients to ensure compliance with fair housing and equal opportunity laws and regulations as well as to be available as a resource for constituents, and service providers.

Finally, DHCD management will meet with representatives of the city's various special needs housing advocate groups (e.g., groups representing individuals with chronic mental illness, needs related to substance abuse, physical challenges, the elderly, etc.), to better determine how DHCD may meet those populations' needs. Strategies will include enhanced enforcement of fair housing requirements, but also may include more targeted funding for special needs housing.

7.C. Neighborhood Action: The Mayor's City-Wide Strategic Plan

In addition to the Department's goals associated with its federal entitlement grants, DHCD is a major player in the Mayor's City-Wide Strategic Plan for the District. The Neighborhood Action initiative brings together every sector of the community behind a set of common goals and shared priorities. It seeks to change the way government delivers services to its residents by improving the way the community participates in developing the government's budget, in determining how government should provide its services, and the way all sectors of the community accept responsibility for doing their part to improve the quality of life in the city.

The initiative recognizes that many important and valuable efforts have been undertaken in the past to plan for the District's future. It does not attempt to reinvent the wheel by replacing this work. Rather, it attempts to bring together the best elements of all of the major plans that have been done, identify what the common threads are, and begin a process of strategic goal implementation.

The Mayor's City-Wide Strategic Plan defines how diverse elements within the District will work together to enhance the quality of life for all residents, businesses, and visitors. It will determine what role each needs to play for this transformation to happen and will become the blueprint for how the government and its partners will spend their resources and establish accountability.

The five strategic priority plans are directed toward:

1. building and sustaining healthy neighborhoods
2. strengthening children, youth, and families
3. making government work
4. promoting economic development
5. enhancing unity of purpose and democracy

DHCD's primary role in implementing the City-Wide Strategic Plan is centered within the Economic Development Strategic Plan. One of the key messages from the Mayor's Citizen Summit was the need for a comprehensive economic development plan. Three central themes emerged from citizens' comments regarding the economic development arena:

1. Create more retail options in depressed areas, especially by nurturing small businesses
2. Replace nuisance properties with affordable housing for all citizens, including the homeless
3. Improve access to job training and well-paying jobs

7.D. Program Monitoring and Improvement

In order to accomplish DHCD's priority activities, DHCD must be able to process transactions quickly and cost effectively. Therefore, two prime objectives are to (1) move housing and commercial development transactions through the agency's pipeline more expeditiously; and (2) create procedures, systems and accountability standards that will firmly establish the Department as the city's principal development vehicle for improving District neighborhoods.

These prime departmental objectives will be accomplished by focusing efforts on the fundamental basics of community development – evaluating and underwriting development proposals based on the strength of the organizations' capacity, financial underpinnings and the flow of public benefits to the residents DHCD is obligated to serve. In FY 2002, DHCD is reviewing the operations of its Construction Assistance Program and Neighborhood Development Assistance Program, revising its Homestead Program and Single-Family Residential Rehabilitation Program policies and processes, and instituting new procedures to comply with the Lead-Safe Housing Rule. The Department also is expanding its Office of Program Monitoring, revising its position descriptions and accountability procedures, forging a new Labor-Management Partnership, and creating a Knowledge Management Program to increase organizational learning and capture institutional knowledge. DHCD anticipates carrying its program improvement efforts into FY 2003 as well.

In FY 2003, DHCD plans to have completed implementation of a new computer-based management information system (MIS). DHCD has begun using software developed by Housing and Development Software, Inc. (HDS). The new management information system will provide project tracking, budgetary, and performance information on a regular and timely basis, so that the management of the agency's operations may be considerably improved. The first optional module to be installed with the software will be used to help manage the agency's extensive grant management system.

DHCD will continue to monitor its activities through ongoing communications with subgrantees and periodic site visits to their programs. Activities will also be monitored through periodic, but systematic, tracking of performance through HDS and HUD's Integrated Disbursement and Information System (IDIS). IDIS gives the Department the capability to assess progress of individual projects, as well as each major HUD-funded program as a whole. As the HDS software becomes operational, most

functions will be carried out under that system. By linking budget, performance measures, and program delivery, DHCD will be able to effectively monitor its progress in carrying out the strategic plans contained in this Action Plan for FY 2003.

DHCD will produce a self-evaluation of its annual performance in relation to meeting priorities and specific objectives in the form of a Consolidated Annual Performance and Evaluation Report (CAPER). The CAPER provides a summary of the programmatic accomplishments for projects reported under the IDIS, as well as additional narratives describing program milestones and accomplishments. The CAPER must be filed with HUD within 90 days (December 30) after the close of DHCD's program year.